

State of Arizona
Senate
Forty-seventh Legislature
Second Regular Session
2006

SENATE BILL 1167

AN ACT

AMENDING SECTION 38-760, ARIZONA REVISED STATUTES; MAKING AN APPROPRIATION;
RELATING TO THE ARIZONA STATE RETIREMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 38-760, Arizona Revised Statutes, is amended to
3 read:

4 38-760. Optional forms of retirement benefits

5 A. On retirement, members may elect an optional form of retirement
6 benefit as provided in this section.

7 B. The optional retirement benefits available under this section
8 include the following:

9 1. Joint and survivor annuity in a reduced amount payable to the
10 retiring member during life, with the provisions that after the member's
11 death all, two-thirds or one-half of the retirement income, as the member
12 elects, shall be continued during the lifetime of the contingent annuitant
13 designated by the retiring member subject to the restrictions prescribed in
14 section 38-764. The amount of retirement income shall be the actuarial
15 equivalent of the retirement income to which the member would be entitled
16 under normal or early retirement. The election in a manner prescribed by the
17 board shall name the contingent annuitant. The election may be revoked at
18 any time before the member's effective date of retirement. At any time after
19 benefits have commenced, the member may name a different contingent annuitant
20 or EXERCISE A ONE-TIME ELECTION TO rescind the ~~election~~ JOINT AND SURVIVOR
21 ANNUITY OPTION ELECTED BY THE MEMBER IF THE CONTINGENT ANNUITANT DIES OR
22 CEASES TO BE THE CONTINGENT ANNUITANT PURSUANT TO THE TERMS OF A QUALIFIED
23 DOMESTIC RELATIONS ORDER by written notice to the board as follows:

24 (a) If a different contingent annuitant is named, the annuity of the
25 member under the same joint and survivor annuity option previously elected
26 shall be adjusted to the actuarial equivalent of the original annuity, based
27 on the age of the new contingent annuitant. The adjustment shall include all
28 ~~post-retirement~~ POSTRETIREMENT increases in retirement income that are
29 authorized by law after the member's date of retirement. Payment of this
30 adjusted annuity shall continue under the provisions of the option previously
31 elected by the member.

32 (b) If the member rescinds the election, the member shall thereafter
33 receive a straight life annuity equal to what the member would otherwise be
34 entitled to receive if the member had not elected the joint and survivor
35 annuity option, including all ~~post-retirement~~ POSTRETIREMENT increases in
36 retirement income that are authorized by law after the date of
37 retirement. The increased payment shall continue during the remainder of the
38 member's lifetime.

39 (c) ~~If the member reverts to a straight life annuity pursuant to
40 subdivision (b), the member may name a new contingent annuitant subject to
41 the same restrictions prescribed in subdivision (a).~~

42 2. A period certain and life annuity actuarially reduced with payments
43 for five, ten or fifteen years that are not dependent on the continued
44 lifetime of the member but whose payments continue for the member's lifetime
45 beyond the five, ten or fifteen year period. AT THE TIME OF ELECTING THIS

1 OPTION THE MEMBER SHALL NAME A PERIOD CERTAIN CONTINGENT ANNUITANT WHO IS
2 ENTITLED TO RECEIVE THE PAYMENTS FOR ANY PORTION OF THE PERIOD CERTAIN BEYOND
3 THE LIFETIME OF THE MEMBER. THE MEMBER MAY NAME A DIFFERENT CONTINGENT
4 ANNUITANT AT ANY TIME. IF NO CONTINGENT ANNUITANT SURVIVES THE MEMBER, ANY
5 REMAINING PAYMENTS ARE THE PROPERTY OF THE MEMBER'S ESTATE. At any time
6 AFTER BENEFITS HAVE COMMENCED, a member who retires after ~~the effective date~~
7 ~~of this amendment to this section~~ AUGUST 9, 2001 may EXERCISE A ONE-TIME
8 ELECTION TO rescind the ~~election of a~~ period certain and life annuity OPTION
9 ELECTED BY THE MEMBER IF THE CONTINGENT ANNUITANT DIES OR CEASES TO BE THE
10 CONTINGENT ANNUITANT PURSUANT TO THE TERMS OF A QUALIFIED DOMESTIC RELATIONS
11 ORDER. If the member rescinds the election of a period certain and life
12 annuity, the member shall thereafter receive a straight life annuity equal to
13 what the member would otherwise be entitled to receive if the member had not
14 elected the period certain and life annuity option, including all
15 postretirement increases in retirement income that are authorized by law
16 after the date of retirement. The increased payment shall continue during the
17 remainder of the member's lifetime. ~~If the member reverts to a straight life~~
18 ~~annuity pursuant to this paragraph, the member may again elect a period~~
19 ~~certain and life annuity subject to the same provisions of the period certain~~
20 ~~and life annuity previously elected by the member.~~

21 3. Beginning on July 1, 2002, a lump sum payment equal to not more
22 than thirty-six months of the member's retirement benefits under the benefit
23 option elected by the member. The member's benefit shall be actuarially
24 reduced to provide for the lump sum payment. The lump sum payment shall be
25 made at the time of retirement. Any benefit increase granted to a member who
26 elects a lump sum payment pursuant to this paragraph is subject to the
27 following conditions:

28 (a) If the benefit increase is a percentage increase of the member's
29 retirement benefit, the increase shall be based on the actuarially reduced
30 retirement benefit of the member.

31 (b) If the benefit increase is pursuant to section 38-767, the amount
32 of the member's benefit increase shall be calculated without regard to the
33 lump sum payment pursuant to this paragraph.

34 4. Other forms of actuarially reduced optional benefits prescribed by
35 the board.

36 Sec. 2. Appropriation; purpose

37 The sum of \$50,000 is appropriated from the Arizona state retirement
38 system administration account in fiscal year 2006-2007 to the Arizona state
39 retirement system for the administrative implementation of this act.